

SECTION 93 PILs TAX GROSS-UP		PROXY CALCULATION FOR 2005		PILS2005.V1.1	
REGULATORY INFORMATION (REGINFO)					
Utility Name:	Chapleau Public Utilities Corporation				
File Number:	RP-2005-0013				
	EB-2005-0016				
Reporting period:	Jan. 1, 2005 to Dec. 31, 2005				
Days in reporting period:	365				
Total days in the calendar year:	365				
BACKGROUND					
1. Are the Capital Tax & Large Corporations Tax Exemptions shared among the corporate group? (Yes or No)	No				
2. Please identify the percentage used to allocate the exemption.	100.00%				
3. Please explain the basis of the allocation if the percentage is other than 100%.					
4. Accounting Year End	Dec. 31, 2005				
MARR NO TAX CALCULATIONS FROM SHEET #7 FINAL 2001 RUD MODEL DATA (FROM 1999 FINANCIAL STATEMENTS)					
Rate base (wires-only)	\$1,609,408.00				
Common Equity Ratio (CER)	50.00%				
1-CER	50.00%				
Target Return On Equity (%)	9.88%				
Debt rate	7.25%				
Regulatory Income					
Market Adjusted Revenue Requirement	\$137,846				
1999 return from RUD Sheet #7	\$6,424				\$6,424
Total Incremental revenue	\$131,422				
	<i>Based on Board's Decision</i> <i>(RP-2000-0069)</i>				
<i>Amount allowed in 2001, Year 1</i>	\$43,807	<i>Board-Approved</i> <i>Amounts</i>	\$43,807	\$43,807	
<i>Amount allowed in 2002, Year 2</i>	\$43,807		\$43,807	\$43,807	
<i>Amount allowed in 2003, Year 3</i>	\$43,807		\$43,807	\$43,807	
Permanent Changes to Base Rate (e.g. LPP 5% to 1.5%)	\$11,023				\$11,023
C&DM Capital Portion from "C&DM TAX FORECAST" worksheet	65%				
Total Regulatory Income					\$148,869
Equity and Debt					
Equity	\$804,704				
Return at target ROE	\$79,505				
Debt	\$804,704				
Deemed interest amount in EBIT	\$58,341				

SECTION 93 PILs TAX GROSS-UP PROXY CALCULATION FOR 2005 TAX CALCULATIONS (TAXCALC)		ITEM	Proxy Calculation	Comments
Utility Name: Chapleau Public Utilities Corporation Reporting Period: Jan. 1, 2005 to Dec. 31, 2005 Days in Reporting Period: 365 Total days in the calendar year: 365			\$	
<u>I) CORPORATE INCOME TAXES</u>				
Regulatory Net Income		1	\$148,869	
BOOK TO TAX ADJUSTMENTS				
Additions:				
Depreciation & Amortization		2	\$89,398	
Employee Benefit Plans - Accrued, Not Paid		3	\$0	
Tax reserves deducted in prior year		4	\$0	
Reserves from financial statements-end of year		4	\$0	
Regulatory Adjustments		5	\$0	
Other Additions				
"Material" Items		6	\$0	
Other Additions		6	\$0	
"Material" Items		6	\$0	
Other Additions		6	\$0	
Deductions:				
Capital Cost Allowance and CEC		7	\$69,072	Per OEB CCA S/be \$69,072 not \$65,485
Employee Benefit Plans - Paid Amounts		8	\$0	
Items Capitalized for Regulatory Purposes		9	\$0	
Regulatory Adjustments		10	\$0	
Interest Expense Deemed		11	\$58,341	
Tax reserves claimed in current year		4	\$0	
Reserves from F/S beginning of year		4	\$0	
Contributions to deferred income plans		3	\$0	
Contributions to pension plans		3	\$0	
Interest capitalized for accounting but deducted for tax		11	\$0	
Other Deductions				
"Material" Items		12	\$0	
C&DM 2005 Incremental OM&A expenses per C&DM Plan		12	\$10,807	
Material Items		12	\$0	
Other Deductions		12	\$0	
<u>REGULATORY TAXABLE INCOME</u>			\$100,046	
<u>CORPORATE INCOME TAX RATE</u>				
Deemed %		13	18.62%	
REGULATORY INCOME TAX			\$18,629	
Taxable Income x Rate				
Miscellaneous Tax Credits		14	\$0	
Total Regulatory Income Tax			\$18,629	

SECTION 93 PILs TAX GROSS-UP PROXY CALCULATION FOR 2005 TAX CALCULATIONS (TAXCALC)	ITEM	Proxy Calculation	Comments
Utility Name: Chapleau Public Utilities Corporation Reporting Period: Jan. 1, 2005 to Dec. 31, 2005 Days in Reporting Period: 365 Total days in the calendar year: 365		\$	
Percentage used to determine the exemptions for capital tax and large corporations tax		100%	
<u>II) CAPITAL TAXES</u> <i>Ontario</i> Rate Base Less: Exemption Deemed Taxable Capital Rate (.3%)	 15 16 17	 \$1,609,408 \$7,500,000 \$0 0.3000%	
Net Amount (Taxable Capital x Rate)		\$0	
<i>Federal (LCT)</i> Base Less: Exemption Deemed Taxable Capital Rate (.175%) Gross Amount (Taxable Capital x Rate) Less: Federal Surtax	 18 19 20 21	 \$1,609,408 \$50,000,000 \$0 0.1750% \$0 \$0	
Net LCT		\$0	
<u>III) INCLUSION IN RATES</u> Income Tax Rate used for gross- up Income Tax (grossed-up) LCT (grossed-up) Ontario Capital Tax	 22 23 24	 18.62% \$22,891 \$0 \$0	
Total S. 93 PILs Rate Adjustment (Enter this amount in the 2005 RAM, Sheet #4, cell G14)	25	\$22,891	

SECTION 93 PILs TAX GROSS-UP "SIMPIL"

Corporate Tax Rates for 2005

Income Range	\$0 to \$400,000	\$400,001 to \$1,128,000	> \$1,128,000
<i>Income Tax Rate</i>	18.62%	27.50%	36.12%
Capital Tax Rate	0.300%		
LCT Rate	0.175%		
Surtax	1.12%		
Ontario Capital Tax Exemption	\$7,500,000		
Federal Large Corporations Tax Exemption	\$50,000,000		

Conservation and Demand Management Tax Forecast

Utility Name: Chapleau Public Utilities Corporation

File Number: RP-2005-0013

EB-2005-0016

	Jan - Dec 2005		Jan - Dec 2006		Jan - Sept 30 th 2007		Total	
	\$	%	\$	%	\$	%	\$	%
Capital	\$20,000	65%	\$13,000	100%	\$0		\$33,000	75%
Tax Deductible Expense	\$10,807	35%	\$0	0%	\$0		\$10,807	25%
Total	\$30,807	100%	\$13,000	100%	\$0	0%	\$43,807	100%

Notes:

1. Capital that will be recognized for tax purposes (i.e. UCC addition), not from a capital budget or commitment perspective.
2. Expenses to be recognized in the period shown that will be used as a tax deduction for the same period. The 2005 tax deduction amount will be entered automatically into the TAXCALC worksheet, cell C44.
3. The amounts shown in the "Total" column should agree with the C&DM plan filed with or approved by the Board. The amount of the third tranche of MARR is the maximum amount unless the utility has applied for a lower amount.